United Nations A/C.2/55/L.38

General Assembly

Distr.: Limited
17 November 2000

Original: English

Fifty-fifth session
Second Committee
Agenda item 92 (c)
Macroeconomic policy questions: external debt crisis and development

Nigeria:* draft resolution

Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997, 53/175 of 15 December 1998 and 54/202 of 22 December 1999 on enhancing international cooperation towards a durable solution to the external debt problems of developing countries,

Welcoming the report of the Secretary-General on recent developments in the debt situation of developing countries,[1] in particular the proposals contained in paragraphs 70-78,

Welcoming also the United Nations Millennium Declaration of the Heads of State and Government, adopted on 8 September 2000,

Noting with concern the continuing debt and debt-servicing problems of heavily indebted developing countries adversely affecting their development efforts and economic growth, and stressing the importance of alleviating once and for all the onerous debt and debt-service burden with the aim of attaining a sustainable level of debt and debt service,

Noting with great concern the continuing high debt burden borne by many developing countries, including low- and middle-income countries, particularly by most African countries and the least developed countries, owing, inter alia, to declining commodity prices and financial and liquidity constraints,

* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

[1] A/55/422.

00-75287 (E) 171100

Reaffirming the urgent need for an effective, equitable and development-oriented treatment of the external debt and debt-servicing problems of developing countries in order to help them to exit from the rescheduling process and unsustainable debt burdens,

Welcoming and emphasizing the importance of the efforts of debtor countries, despite the great social cost often involved, in pursuing economic reforms and structural adjustment programmes aimed at achieving stability, raising domestic savings and investments, attaining competitiveness to take advantage of market access opportunities, where available, reducing inflation, improving economic efficiency and addressing the social aspects of development, including the eradication of poverty as well as the development of social safety nets for the vulnerable and poorer strata of their populations,

Stressing the need for global economic growth as well as equitable distribution of its opportunities and benefits and a supportive international economic environment with regard to, inter alia, terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for sustained economic growth and sustainable development of the developing countries, in accordance with the relevant General Assembly resolutions and the outcomes of recent United Nations conferences,

Noting that mechanisms such as debt rescheduling and debt conversions alone are still not sufficient to resolve all the problems relating to long-term debt sustainability, and in this connection, stressing the urgent need for full and swift implementation of initiatives that will further assist developing countries, in particular the poorest and most heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their continued very high levels of total debt stock and debt-service burdens,

Welcoming the actions taken by creditor countries within the framework of the Paris Club and by some creditor countries through the cancellation of bilateral debts,

Noting the enhanced debt initiative launched by the Group of Seven major industrialized countries at its meeting held in Cologne, Germany, from 18 to 20 June 1999, and the decisions of the International Monetary Fund and the World Bank in October 1999 on the enhanced initiative, which was designed to provide deeper, broader and faster debt relief,

Noting the approval by Executive Boards of the International Monetary Fund and the World Bank of proposals to streamline preliminary Heavily Indebted Poor Countries documents;

Noting with great concern that one of the major obstacles to the speedy implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative is financial constraints, and in this regard, stressing that the Heavily Indebted Poor Countries Trust Fund must be adequately funded by donor countries,

Noting with concern that a growing number of highly indebted middle-income developing countries are facing difficulties in meeting their external debt-servicing obligations owing, inter alia, to liquidity constraints,

Stressing that effective management of the debt of developing countries, including middle-income countries, is an important factor, among others, in their sustained economic growth and in the smooth functioning of the world economy,

Emphasizing that the international community should consider further appropriate measures to achieve durable solutions to the external debt and debt-serving problems of developing countries,

1. *Calls* for effective, equitable, development-oriented and durable solutions to external debt and debt-service burdens of developing countries, which can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development;

2. *Reaffirms* the need, as expressed in the Millennium Declaration, for the international community to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term;

3. *Calls* for the full and speedy implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative, and, in this regard, stresses the need for providing new and additional necessary resources by the donor community;

4. *Stresses* the importance of implementing the Heavily Indebted Poor Countries Debt Initiative flexibly, including shortening the interval between the decision and completion points, taking due account of the policy performance of the countries concerned in a transparent manner and with the full involvement of the debtor countries;

5. *Stresses also* the importance of increased flexibility with regard to Heavily Indebted Poor Countries Debt Initiative eligibility criteria, both in its consideration and its implementation, particularly for known borderline cases and countries in post-conflict situations;

6. *Invites* the International Monetary Fund and the World Bank to continue to strengthen the transparency and integrity of debt sustainability analysis;

7. *Welcomes* the proposed framework for strengthening the link between debt relief and poverty eradication, and stresses the need for its flexible implementation, recognizing that, while the poverty reduction strategy paper should be in place by the decision point, on a transitional basis the decision point could be reached without agreement on a poverty paper, but that in all cases demonstrable progress in implementing a poverty reduction strategy would be required by the completion point;

8. *Emphasizes* that poverty reduction programmes as linked to the implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative must be country-driven and in accordance with the priorities and programmes of countries eligible under the Initiative, and stresses the role of civil society in this regard;

9. *Welcomes* the decision of those countries that have cancelled bilateral official debt, and urges creditor countries that have not done so to consider full cancellation of bilateral official debts of countries eligible under the Heavily Indebted Poor Countries Debt Initiative and, as appropriate, action to address the

needs of post-conflict countries, in particular those with protracted arrears, developing countries affected by serious natural disasters and poor countries with very low social and human development indicators, including the possibility of debt-relief measures through, inter alia, the cancellation of bilateral official debt;

10. *Notes* that the multilateral debt-relief funds can have a positive impact in respect of assisting Governments in safeguarding or increasing expenditures on priority social sectors, and encourages donors to continue efforts in this regard in the context of the enhanced Heavily Indebted Poor Countries Debt Initiative;

11. *Stresses* the principle that funding of any debt relief should not affect adversely the support for other development activities in favour of developing countries, including the level of funding for the United Nations funds and programmes, and in this regard, welcomes the decision of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries (Development Committee) that financing of debt relief should not compromise the financing made available through concessional windows such as the International Development Association;

12. *Expresses its appreciation* that certain developed countries have reached, even gone beyond or recently committed increases towards the agreed target for official development assistance of 0.7 per cent of their gross national product, while at the same time calling upon other developed countries to meet this target for official development assistance as soon as possible;

13. *Expresses its appreciation also* for the action taken by creditor countries of the Paris Club with regard to the debts of developing countries affected by natural disasters and, in this regard, reiterates the need for relief promises to come to fruition within the shortest possible time-frames in order to free the requisite resources for national reconstruction efforts;

14. *Encourages* the international creditor community to consider further measures in the case of countries with a very high level of debt overhang, including, in particular, the conversion into grants of all the remaining bilateral debts of the poorest African countries;

15. *Recognizes* the difficulties of highly indebted middle-income developing countries in meeting their external debt and debt-servicing obligations, and notes the worsening situation in some of them in the context, inter alia, of higher liquidity constraints, which may require debt treatment, including, as appropriate, debt-reduction measures;

16. *Calls* for concerted national and international action to address effectively debt problems of middle-income developing countries with a view to resolving their potential long-term debt-sustainability problems through various debt-treatment measures, including, as appropriate, orderly mechanisms for debt reduction, and encourages all creditor and debtor countries to utilize to the fullest extent possible, where appropriate, all existing mechanisms for debt reduction;

17. *Recognizes* the need, even in the event of experiencing a debt problem, to continue to work with creditors in order to facilitate continued access to international capital markets and, in the event that extraordinary circumstances preclude a country from temporarily meeting its debt-servicing commitments, urges

creditors to work with Governments in a transparent and timely fashion towards an orderly and equitable workout procedure of the debt overhang, including the implementation of debt standstill arrangements;

18. *Notes* the importance of an orderly, gradual and well-sequenced liberalization of capital accounts to strengthen the ability of countries to sustain its consequences so as to mitigate the adverse impact of the volatility of short-term capital flows;

19. *Also notes* that debt relief alone will not lead to poverty reduction and economic growth, and in this regard, emphasizes the need for new financial flows to debtor developing countries from all sources, in addition to debt relief measures, as well as increased concessional financial assistance, in particular to the least developed countries, in order to support their efforts for achieving economic growth and sustainable development;

20. *Stresses* the need to strengthen the institutional capacity of developing countries in debt management and calls upon the international community to support the efforts towards this end, and in this regard, stresses the importance of initiatives such as the Debt Management and Financial Analysis System and the debt-management capacity-building programme;

21. *Notes* the importance of providing adequate resources for debt-relief measures in the light of the adverse effects of international financial crises on the mobilization of both domestic and external resources for the development of the developing countries, including those in Africa and the least developed countries;

22. *Stresses* the importance of promoting economic growth and sustainable development, and further stresses the need for the international community to promote a conducive external environment through, inter alia, improved market access, stabilization of exchange rates, effective stewardship of international interest rates, increased resource flows, access to international financial markets, flow of financial resources and improved access to technology for developing countries;

23. *Calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions, as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits organized since the beginning of the 1990s on development, as well as of the outcomes of review processes, in particular those related to the question of the external debt problem of developing countries;

24. *Requests* the Secretary General to appoint an independent panel of experts, not exceeding ten, with proper geographical representation, to make a comprehensive assessment of the external debt problem and proposals for its solution in accordance with the Secretary-General's report, and that the report of the panel be considered by the General Assembly at its fifty-sixth session;

25. *Requests also* the Secretary-General to report to the General Assembly at its fifty-sixth session on the implementation of the present resolution and to include in his report a comprehensive and substantive analysis of the external debt and debt-servicing problems of the developing countries.